

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SSO-00 NSCE-00 INRE-00 USIE-00

NSC-05 DODE-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07

NSAE-00 PA-01 SS-15 PRS-01 SP-02 TRSE-00 EB-07

COME-00 FRB-03 EURE-00 OES-07 SCA-01 AID-05 IGA-02

/096 W

-----151332Z 076829 /41

O 151302Z JUN 77

FM USMISSION NATO

TO SECSTATE WASHDC IMMEDIATE 4200

INFO ALL NATO CAPITALS

AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

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BELGRADE ALSO USDEL CSCE: BRUSSELS ALSO FOR USEEC

PARIS ALSO FOR USOECD

DEPT FOR EUR/RPE AND RPM

E.O 11652:GDS

TAGS: CSCE, EGEN, EEC, XH

SUBJECT: ECONADS: EC-9 BASKET II THEMES

REF: (A)USNATO 4231(NOTAL), (B)USNATO 5201(NOTAL)

SUMMARY: WE QUOTE BELOW THE FINAL VERSION OF THE EC-9
PAPER ON MAIN BASKET II THEMES FOR BLEGRADE. IT REPLACES
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AN EARLIER VERSION IN A BROADER THEMES PAPER CIRCULATED
AS A NOMINAL "UK DRAFT" IN THE NATO POLADS, MAY 27. END
SUMMARY.

1. BEGIN TEXT OF EUROPEAN COMMUNITIES PAPER:

EUROPEAN COMMUNITES, BRUSSELS, 7 JUNE 1977, CSCE 21/1/77

THE COUNCIL -- CONFIDENTIAL REVISED VERSION.

SUBJECT: CSCE - BASKET II

-- MAIN THEMES FOR BELGRADE (RESULTS OF THE WORK OF THE
GROUP AMBASSADORS' COUNSELLORS).

A. IN GENERAL DISCUSSION, WE SHOULD:

(A) EMPHASIZE OUR COMMITMENT TO THE DEVELOPMENT OF
ECONOMIC CO-OPERATION BETWEEN PARTICIPATING STATES;
WHILST BEING AWARE OF THE PROBLEMS RAISED BY
DIFFERENCES IN ECONOMIC SYSTEMS AND LINES OF DEVELOPMENT;
THUS AIMING FOR A STABLE AND HARMONIOUS EXPANSION OF
TRADE ON THE BASIS OF RECIPROCITY;

(B) STRESS THE IMPORTANCE OF THE ECE AS THE MAIN VEHICLE
FOR THE MULTILATERAL IMPLEMENTATION OF THE PROVISIONS
OF BASKET II.

WE SHOULD HOWEVER AIM TO LIMIT THEORETICAL DISCUSSIONS
OVER THE DEFINITION OF SUCH TERMS AS "EQUALITY",
"MUTUAL BENEFIT" AND "MOST-FAVoured NATIONAL TREATMENT",
ADHERING TO THE AGREED POSITION OF THE COMMUNITY ON
THESE POINTS AND EMPHASIZING THE NEED TO ACHIEVE
PROGRESS ON PRACTICAL ASPECTS.

B. PARTICULAR AREAS OF INTEREST ARE:

I. ECONOMIC AND COMMERCIAL INFORMATION
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THERE HAS BEEN LITTLE IMPROVEMENT IN THE QUALITY OR
QUANTITY OF ECONOMIC AND COMMERCIAL INFORMATION PUBLISHED
BY THE USSR AND THE COUNTRIES OF EASTERN EUROPE SINCE
THE SIGNATURE OF THE FINAL ACT. IN SOME CASES THERE
HAS BEEN A RESTRICTION ON THE AMOUNT OF INFORMATION
PUBLISHED. WE SHOULD PRESS FOR GREATER AVAILABILITY
OF INFORMATION, INCLUDING PROMPT AND FULL NOTIFICATION
OF NEW LEGISLATION IN THE COMMERCIAL FIELDS.

II. BUSINESS CONTACTS AND FACILITIES.

THERE REMAINS SUBSTANTIAL SCOPE FOR THE FACILITATION
OF CONTACTS OVER A BROAD RANGE OF ACTIVITIES. PARTICULAR
POINTS INCLUDE:

(A) DIFFICULTIES ENCOUNTERED BY WESTERN FIRMS OPENING
OFFICES OR AGENCIES IN EASTERN COUNTRIES.

(B) HIGH CHARGES AND RENTS IMPOSED FOR OFFICE SPACE AND HOTEL ACCOMODATION.

(C) PARTICULAR PROBLEMS ENCOUNTERED BY SMALL AND MEDIUM-SIZED FIRMS WHICH CANNOT AFFORD TO ESTABLISH BRANCHES IN THESE COUNTRIES.

(D) RESTRICTIONS ON DIRECT CONTACTS BETWEEN WESTERN BUSINESSMEN AND USERS.

(E) LENGTHY ADMINISTRATIVE FORMALITIES AT FRONTIERS.

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EB-07 COME-00 FRB-03 OES-07 SCA-01 AID-05 IGA-02
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TO SECSTATE WASHDC IMMEDIATE 4201

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AMEMBASSY SOFIA

AMEMBASSY WARSAW

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(F) MULTIPLE EXIT AND RE-ENTRY VISAS FOR BUSINESSMEN AND WORKERS ON CO-OPERATION PROJECTS.

III. SAFEGUARD ACTION

WE SHOULD STRESS THAT A STEADY AND HARMONIOUS DEVELOP-

MENT OF TRADE IMPLIES THAT EXPORTS SHOULD TAKE PLACE
IN SUCH A WAY AS NOT TO CAUSE -OR THREATEN TO CAUSE -
DISRUPTION TO THE INDUSTRIES OF IMPORTING COUNTRIES, IN
PARTICULAR AS FAR AS PRICES ARE CONCERNED.

IV. SCIENCE AND TECHNOLOGY
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WE SHOULD POINT TO THE NEED FOR IMPROVEMENT FROM THE
EASTERN COUNTRIES IN THE POSSIBILITIES FOR TRAVEL
ABROAD OF THEIR SCIENTISTS AND EXPERTS.

V. SUBJECTS LIKELY TO BE RAISED BY EASTERN COUNTRIES.

(A) IN RESPONSE TO EASTERN ACCUSATIONS ABOUT POLICIES
WHICH THEY CONSIDER TO BE DISCRIMINATORY, THE
COMMUNITY SHOULD ARGUE THAT THE CHARACTER OF EAST-
WEST ECONOMIC RELATIONS - E.G. THE MECHANICS OF
PRICING IN CMEA COUNTRIES, AND THE
CONDITIONS OF MARKET ECONOMICS - OBLIGE THE COMMUNITY
TO PROTECT ITS INDUSTRIES AND EMPLOYMENT LEVELS IN
CERTAIN CASES.

QUANTITATIVE RESTRICTIONS VIS A VIS THE EASTERN
COUNTRIES HAVE BEEN REDUCED TO A CONSIDERABLE EXTENT.
BUT THE PROGRESS OF LIBERALIZATION HAS SLOWED DOWN
IN THE LAST TWO YEARS BECAUSE OF THE VERY HIGH DEGREE
OF LIBERALIZATION THAT HAD ALREADY BEEN REACHED AND
BECAUSE IN THE CONTEXT OF A DIFFERENT WORLD ECONOMIC SITU-
ATION FURTHER LIBERALIZATION ON THAT SCALE WOULD HAVE
ENDANGERED OR MIGHT EVEN STILL ENDANGER EMPLOYMENT
IN THE AFFECTED BRANCHES OF INDUSTRY.

IN THESE CIRCUMSTANCES, THE COMMUNITY MUST CONCENTRATE
ON MAINTAINING THE PRESENT LEVEL OF LIBERALIZATION.
IT IS ALSO TRYING TO OBTAIN SOLUTIONS BY NEGOTIATION.

(B) EASTERN COUNTRIES MAY ALSO BE EXPECTED TO RAISE
THE TOPICS OF EEC/CMEA RELATIONS AND THE BREZHNEV
PROPOSALS FOR ALL-EUROPEAN CONFERENCES.

WE CAN POINT OUT THAT THE COMMUNITY HAS MADE CLEAR
ITS WILLINGNESS TO CONCLUDE AN AGREEMENT WITH THE
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CMEA AND HAS LONG BEEN SEEKING TO NEGOTIATE TRADE AGREEMENTS WITH THE CMEA-MEMBER COUNTRIES. THUS WE WELCOME THE FACT THAT CONTACTS WITH THE CMEA ARE UNDER WAY WHICH WE HOPE WILL LEAD TO A DEFINITE IMPROVEMENT OF RELATIONS.

/ VI. NORTH-SOUTH ISSUES--

2. A FOOTNOTE (NOT QUOTED) TO PARA B.V.(B). DRAWS ATTENTION TO THE EC-9 ASSESSMENT OF THE APRIL ECE SESSION AND THE BREZHNEV PROPOSALS, TRANSMITTED IN REF B. STREATOR

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NATO05366
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: N/A
Expiration:
Film Number: n/a
Format: TEL
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770652/aaaabtoa.tel
Line Count: 235
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE
Message ID: 0b15077c-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 USNATO 4231(NOTAL), 77 USNATO 5201(NOTAL)
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2135905
Secure: OPEN
Status: NATIVE
Subject: ECONADS: EC-9 BASKET II THEMES
TAGS: EGEN, XH, CSCE, EEC
To: SECSTATE WASHDC BELGRADE MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/0b15077c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009